

Firemen's Relief and Pension Fund Board Meeting
July 22, 2009
9:00 A.M.

The Board of Trustees of the Firemen's Relief and Pension Fund of the City of Little Rock, Arkansas, met at 9:00 AM in the Sister Cities Conference Room located at 500 West Markham Street, City Hall, with the following members and officials present. City Manager Bruce T. Moore called the meeting to order.

1. Roll Call:

Members Present: Bruce Moore, Susan Langley, Havis Jacks, Don Kinney, Butch Wright, Johnny Reep, Bernard Sherwood, Sara Lenehan, and the Stephen's Group.

Other Personnel Present: Lakisha Grigsby, Sharon Phillips, Melinda Raley, and the City Manager's Office Summer Interns: Dywon Davis; Chris Bell; Chelsea Wright; and Balemba Balemba.

2. Approval of Minutes from the June 24, 2009, Meeting: A motion was made by Mr. Butch Wright, seconded by Mr. Don Kinney, to approve the minutes the June 24, 2009, meeting. By unanimous voice vote of the Board Members present, the minutes were approved.

3. Stephens, Inc., Report: The Little Rock Fire Pension Portfolio Summary was presented. The Total Fund Balance as of July 23, 2009 was \$66,946,035.43, and as of the closing on July 21, 2009, the balance was up at \$68,264,000.

4. Financial Report: The Financial Report for the Fire Pension Fund was given by Ms. Sara Lenehan. A motion was made by Mr. Kinney, seconded by Mr. Wright, to approve the financial report for year-to-date through June 30, 2009. By unanimous voice vote of the Board Members present, the financial report was approved.

5. Removal from Pension Rolls: G. W. Mahan (Amount \$2,149.35; Date of Death July 20, 2009. A motion was made by Mr. Kinney, seconded by Mr. Johnny Reep, to approve the removal of G. W. Mahan from the pension roll. By unanimous voice vote of the Board Members present, G.W. Mahan **was removed** from the **Pension Roll**.

6. Addition to Pension Rolls: None

7. Other Business:

A. DROP Interest Rate: Ms. Lenehan reviewed the July 6, 2009 letter from the Pension Review Board (PRB) that certified the DROP interest rate for the 2008. She explained that in the past when the letter was received from the PRB, the Pension Office would implement the new interest rate prospectively. During the March 2009 meeting of

the Pension Review Board (PRB), the rules regarding the calculation and application of interest to member DROP accounts were clarified. In the future, they would like for us to wait to apply interest until we receive the letter certifying the applicable rate for the period and apply a zero interest rate in the interim. Upon receipt of the letter, we would then calculate the average annual balance of the member's account and apply the certified rate to the average balance. Members that receive payouts prior to determination of the interest rate, would receive the account balance, excluding interest, and once the rate is determined, receive a separate check for interest earnings.

Ms. Lenehan stated that the 2009 certified interest rate will not be available until approximately July 2010. She added that the rate would probably be zero due to last year's fund performance. Based on discussion with the PRB, the penalty for not complying with the clarified guidance is the potential loss of turnback funds for legacy and LOPFI plans. To ensure compliance with PRB recommendations, staff has been directed to set the interest rate for DROP accounts to zero. Once the letter certifying the interest rate for 2009 is received from the PRB in 2010, staff will retroactively calculate interest earnings on the average annual balance and apply the earnings to the member accounts.

In addition, Ms. Lenehan stated that there will be one other change to the calculation of interest, which will be to eliminate the daily interest computation implemented when Donald Yucuis was Finance Director. The PRB rules state that interest should be calculated on the average annual balance.

The interest credited in the system as of October 2008 was 6% for first five years and 5.8% for the second five years based on the 2007 certified rate received from the PRB in 2008. The rate certified by the PRB in July 2009 for 2008 is 7% for the first five years and 0.6% for the second five years. Therefore, the certified rate on first five years is 1% higher and 5.2% lower on the second five years than what has already been credited to the member accounts. There are members that received payouts in January and February 2009, prior to the PRB meeting in March, whose accounts were credited with earnings based on the interest rate that was currently in the system. The PRB will not look prior to March for compliance with the clarified rules, but has requested that we implement them on a prospective basis subsequent to their March 10th meeting. Since we have already applied the rate for 2008, PRB advised us to disregard the July 2009 letter certifying the 2008 rate and wait until we receive the 2010 letter certifying the rate for 2009.

Ms. Lenehan asked the Board for direction on how they wanted to move forward. She indicated the Police Fund is not making retroactive adjustments and voted to move forward with PRB's recommendation. Discussion followed.

A motion was made by Mr. Wright, seconded by Mr. Kinney, to apply the recommendations that were made at the PRB Meeting in March 2009. By unanimous voice vote of the Board Members present, the financial report was approved. The Board suggested that Sara draft a letter to notify DROP members of the implementation.

B. 2009 Future Supplement Fund Distribution: Ms. Lenehan explained page 4 in the packet was the future supplement distribution that will be disbursed with the July pension payment. The amount, \$480, was a total one-time amount to distribute to each participant and \$96 was a total one-time amount to each volunteer participant. The amount may vary in the future. In the event that one or more eligible participants have deceased, those monies will be placed into the pension fund. This will ensure each eligible receives the correct allocation.

C. Information Session: Lakisha Grigsby made the suggestion to hold an information session for incoming retirees and current members to explain the process and paperwork for the pension fund. Chief Bernard Sherwood suggested having a morning and afternoon session at the Little Rock Fire Training Center in mid-September.

D. Introduction of Sumer Interns: Mr. Moore asked that each of the City Manager's Office interns introduce themselves. Dywon Davis attended Central High School and will be attending NYU in New York. Balemba Balemba attended Mills High School and will be attending Vanderbilt College. Chelsea Wright attended Central High School and will be attending Millsap's College in Mississippi. Chris Bell attended Central High School and will attend Millsap's College in Mississippi.

There being no other business to discuss, Mr. Johnny Reep made a motion, seconded by Mr. Wright, to adjourn the meeting. By voice vote of the Board Members present, the meeting was adjourned.

Susan Langley, Acting City Clerk
Little Rock Firemen's Relief and Pension Fund